
FAIR HOUSING of MARIN

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January 20, 2005

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G St. NW
Washington DC 20552

RE: OTS Docket No. 2004-53 & 54

To Whom it May Concern:

Fair Housing of Marin is concerned about the proposed changes to the Community Reinvestment Act (CRA). These changes would undermine the intentions of the CRA by significantly reducing the amount of community development financing and thrift services in low- and moderate-income communities. In Marin, it is particularly important to ensure that the members of low-income neighborhoods have the same opportunities as the affluent communities in obtaining housing. The new proposal allows large thrifts themselves to design watered-down CRA exams, making it easy to bypass the low-income neighborhoods. In addition, the proposal allows all savings and loans to serve affluent neighborhoods, and neglect low- and moderate-income neighborhoods, in rural areas and areas impacted by natural disasters.

Fair Housing of Marin strives to provide equal housing opportunity for all those in Marin. By reducing outreach to low income communities, low-income Marin residents will be adversely affected. We feel that this will undermine Fair Housing of Marin's mission and its efforts to obtain equitable housing for all Marin's citizens.

Currently, large thrifts with more than \$1 billion in assets have a "three part" CRA exam that consists of a lending test, an investment test, and a service test. Under the new proposal, a large thrift can choose to eliminate its investment and service tests, and thus only have to pass a lending test.

The danger with this proposal is that large thrifts will be allowed to neglect critical community needs. If investment tests are eliminated, large thrifts will not be required to finance affordable rental housing via Low Income Housing Tax Credits or finance small businesses via equity investments. At the same time, thrifts can abolish their service tests and not be required to place or

maintain branches in low- and moderate-income communities. With no service test, the thrifts can also ignore the needs for remittances and other low-cost banking services.

Under CRA, banks and thrifts have an affirmative and continual obligation to serve low- and moderate-income communities. Under the new proposal, large thrifts can arbitrarily and capriciously respond to a few community needs instead of all needs. If the Office of Thrift Supervision (OTS) adopts this proposal, the agency will fail in its responsibility to enforce CRA.

Finally, the changes would cause a reduction in vital opportunities for community groups and thrifts to meet with your agency to discuss CRA and anti-predatory lending matters when thrifts are merging. Under current regulation, your agency is required to hold two meetings to ensure that all facts and impacts of proposed mergers are thoroughly vetted. Your proposal would allow the OTS, at its own discretion, to hold only one meeting. By shortchanging the ability to deliberate on issues, it is unlikely that the merger will be in the best interest of the community.

The proposed changes to the CRA would be detrimental to the community by negating the efforts of our organization and reversing years of progress made toward achieving equitable housing for all people. Fair Housing of Marin strongly urges you to vote against these changes.

If you have any questions, please call our organization at (415) 457-5025

Sincerely,

Caroline Peattie
Housing Director
Fair Housing of Marin

cc. National Community Reinvestment Coalition
California Reinvestment Coalition